Appendix A

Statement of Qualifications of Susan M. Baldwin

SUSAN M. BALDWIN 17 Arlington Street Newburyport, MA 01950

978-255-2344 (v) • 978-255-2455 (f) smbaldwin@comcast.net

Susan M. Baldwin is presently an independent consultant to public sector agencies. Ms. Baldwin has been actively involved in public policy for twenty-eight years, twenty-two of which have been in telecommunications policy and regulation. Ms. Baldwin received her Master of Economics from Boston University, her Master of Public Policy from Harvard University's John F. Kennedy School of Government, and her Bachelor of Arts degree in Mathematics and English from Wellesley College.

Ms. Baldwin has extensive experience both in government and in the private sector. Since 2001, Ms. Baldwin has been advising and testifying on behalf of public sector agencies as an independent consultant. Recently, she has testified on behalf of the New Jersey Division of the Ratepayer Advocate in several major proceedings including Verizon's acquisition of MCI, SBC's acquisition of AT&T, and Sprint's spin-off of its local operations. Ms. Baldwin has also assisted the Ratepayer Advocate in preparing comments in diverse Federal Communications Commission proceedings.

Also in her capacity as an independent consultant, she provided comprehensive technical assistance to the Massachusetts Department of Telecommunications and Energy (DTE), serving as a direct advisor in a comprehensive investigation of recurring and nonrecurring costs for unbundled network elements (UNEs). She sponsored testimony in a numbering resource and virtual "NXX" proceeding on behalf of the Iowa Office of Consumer Advocate; on UNE cost studies on behalf of the Illinois Citizens Utility Board; on Qwest's petition to reclassify certain services as competitive on behalf of the Attorney General of the State of Washington; on Verizon's requests to raise basic local exchange rates and to reclassify small business local exchange service as competitive, on behalf of the New Jersey Division of the Ratepayer Advocate, and on CenturyTel's request to raise rates on behalf of the Arkansas Attorney General's Office.

Ms. Baldwin also worked on behalf of consumer advocates in the state *Triennial Review Order* ("TRO") proceedings. She prepared comprehensive testimony analyzing mass market impairment on behalf of the New Jersey Division of the Ratepayer Advocate, the Arkansas Office of the Attorney General, and the Utah Committee of Consumer Services. Testimony was not filed in Arkansas or Utah because of the DC Circuit Court ruling in USTA v. FCC, which caused these states to postpone their investigations of impairment. Ms. Baldwin also prepared detailed affidavits on behalf of the New Jersey Division of the Ratepayer Advocate and on behalf of the Utah Committee of Consumer Services, which were submitted in the Federal Communication Commission's rulemaking proceeding on network unbundling.

Ms. Baldwin has testified before the Arkansas Public Service Commission, California Public Utilities Commission, Colorado Public Utilities Commission, Connecticut Department of

Public Utility Control, Idaho Public Utilities Commission, Illinois Commerce Commission, Indiana Utility Regulatory Commission, Iowa Utilities Board, Massachusetts Department of Telecommunications and Energy, Nevada Public Service Commission, New Jersey Board of Regulatory Commissioners, Public Utilities Commission of Ohio, Rhode Island Public Utilities Commission, Tennessee Public Service Commission, Vermont Public Service Board, and Washington Utilities and Transportation Commission. Ms. Baldwin has also authored numerous comments submitted in various Federal Communications Commission proceedings.

She has also participated in projects in Delaware, the District of Columbia, Hawaii, Illinois, New York, Pennsylvania, and Canada on behalf of consumer advocates, public utility commissions, and competitive local exchange carriers. Ms. Baldwin has served in a direct advisory capacity to public utility commissions in the District of Columbia, Massachusetts, New Mexico, Utah and Vermont. Ms. Baldwin has also testified on behalf of public utility commission staff in Idaho and Rhode Island.

Ms. Baldwin worked with Economics and Technology, Inc. for twelve years, most recently as a Senior Vice President. Among her numerous projects were the responsibility of advising the Vermont Public Service Board in matters relating to a comprehensive investigation of NYNEX's revenue requirement and proposed alternative regulation plan. She participated in all phases of the docket, encompassing review of testimony, issuance of discovery, cross-examination of witnesses, drafting memoranda and decisions, and reviewing compliance filings. Another year-long project managed by Ms. Baldwin was the in-depth analysis and evaluation of the cost proxy models submitted in the FCC's universal service proceeding. Also, on behalf of the staff of the Idaho Public Utilities Commission, Ms. Baldwin testified on the proper allocation of US West's costs between regulated and non-regulated services. On behalf of AT&T Communications of California, Inc. and MCI Telecommunications Corporation, Ms. Baldwin comprehensively analyzed the non-recurring cost studies submitted by California's incumbent local exchange carriers.

Ms. Baldwin served as a direct advisor to the Massachusetts Department of Telecommunications and Energy (DTE) between August 2001 and July 2003, in Massachusetts DTE Docket 01-20, an investigation of Verizon's total element long run incremental cost (TELRIC) studies for recurring and nonrecurring unbundled network elements (UNEs). She assisted with all aspects of this comprehensive case in Massachusetts. Ms. Baldwin analyzed recurring and nonrecurring cost studies; ran cost models; reviewed parties' testimony, cross-examined witnesses, trained staff, met with the members of the Commission, assisted with substantial portions of the major orders issued by the DTE; and also assisted with the compliance phase of the proceeding.

Ms. Baldwin has participated in numerous investigations of the impact of proposed mergers of telecommunications carriers on consumers. Most recently, Ms. Baldwin sponsored testimony and a declaration on behalf of the New Jersey Division of the Ratepayer Advocate on Verizon's acquisition of MCI, and SBC's acquisition of AT&T. During the 1990s, Ms. Baldwin also sponsored testimony on behalf of the Nevada Bureau of Consumer Protection on the

proposed merger of Sprint and WorldCom; sponsored testimony on behalf of the Office of Ratepayer Advocates (ORA) of the California Public Utilities Commission and also on behalf of the Washington Office of Attorney General in their respective investigations of the proposed merger of Bell Atlantic Corporation and GTE Corporation; co-managed assistance to the Hawaii Division of Consumer Advocacy in the analysis of the proposed BA/GTE merger; sponsored testimony on behalf of the Ohio Consumers' Counsel and the Indiana Office of Utility Consumer Counselor on the SBC/Ameritech merger; co-sponsored testimony on behalf of the Connecticut Office of Consumer Counsel on the impact of SBC's acquisition of SNET on consumers; co-authored affidavits submitted to the FCC on behalf of consumer coalitions on the SBC/Ameritech and BA/GTE mergers; and co-managed a project to assist the ORA analyze the California Public Utilities Commission's investigation of the merger of Pacific Telesis Group and SBC Communications.

Ms. Baldwin has contributed to the development of state and federal policy on numbering matters. On behalf of the Ad Hoc Telecommunications Users Committee, Ms. Baldwin participated in the Numbering Resource Optimization Working Group (NRO-WG), and in that capacity, served as a co-chair of the Analysis Task Force of the NRO-WG. She has also provided technical assistance to consumer advocates in the District of Columbia, Illinois, Iowa, Massachusetts, and Pennsylvania on area code relief and numbering optimization measures. Ms. Baldwin also co-authored comments on behalf of the National Association of State Utility Consumer Advocates in the FCC's proceeding on numbering resource optimization.

During her first years at ETI, Ms. Baldwin was the Director of Publications and Tariff Research, and, in that capacity, she trained and supervised staff in the analysis of telecommunications rate structures, services, and regulation.

Ms. Baldwin served four years as the Director of the Telecommunications Division for the Massachusetts Department of Public Utilities (the predecessor to the DTE), where she directed a staff of nine, and acted in a direct advisory capacity to the DPU Commissioners. (The Massachusetts DTE maintains a non-separated staff, which directly interacts with the Commission, rather than taking an advocacy role of its own in proceedings). Ms. Baldwin advised and drafted decisions for the Commission in numerous DPU proceedings including investigations of a comprehensive restructuring of New England Telephone Company's rates, an audit of NET's transactions with its NYNEX affiliates, collocation, ISDN, Caller ID, 900-type services, AT&T's request for a change in regulatory treatment, pay telephone and alternative operator services, increased accessibility to the network by disabled persons, conduit rates charged by NET to cable companies, and quality of service. Under her supervision, staff analyzed all telecommunications matters relating to the regulation of the then \$1.7-billion telecommunications industry in Massachusetts, including the review of all telecommunications tariff filings; petitions; cost, revenue, and quality of service data; and certification applications. As a member of the Telecommunications Staff Committees of the New England Conference of Public Utility Commissioners (NECPUC) and the National Association of Regulatory Utility Commissioners (NARUC), she contributed to the development of telecommunications policy on state, regional, and national levels.

Ms. Baldwin has worked with local, state, and federal officials on energy, environmental, budget, welfare, and telecommunications issues. As a policy analyst for the New England Regional Commission (NERCOM), Massachusetts Department of Public Welfare (DPW), and Massachusetts Office of Energy Resources (MOER), she acquired extensive experience working with governors' offices, state legislatures, congressional offices, and industry and advocacy groups. As an energy analyst for NERCOM, Ms. Baldwin coordinated New England's first regional seminar on low-level radioactive waste, analyzed federal and state energy policies, and wrote several reports on regional energy issues. As a budget analyst for the DPW, she forecast expenditures, developed low-income policy, negotiated contracts, prepared and defended budget requests, and monitored expenditures of over \$100 million. While working with the MOER, Ms. Baldwin conducted a statewide survey of the solar industry and analyzed federal solar legislation.

Ms. Baldwin received Boston University's Dean's Fellowship. While attending the Kennedy School of Government, Ms. Baldwin served as a teaching assistant for a graduate course in microeconomics and as a research assistant for the school's Energy and Environmental Policy Center, and at Wellesley College was a Rhodes Scholar nominee. She has also studied in Ghent, Belgium.

Record of Prior Testimony

In the matter of the Application of the New Jersey Bell Telephone Company for Approval of its Plan for an Alternative Form of Regulation, New Jersey Board of Regulatory Commissioners Docket No. T092030358, on behalf of the New Jersey Cable Television Association, filed September 21, 1992, cross-examined October 2, 1992.

DPUC review and management audit of construction programs of Connecticut's telecommunications local exchange carriers, Connecticut Department of Public Utility Control Docket No. 91-10-06, on behalf of the Connecticut Office of the Consumer Counsel, filed October 30, 1992, cross-examined November 4, 1992.

Joint petition of New England Telephone and Telegraph Company and Department of Public Service seeking a second extension of the Vermont Telecommunications Agreement, Vermont Public Service Board 5614, Public Contract Advocate, filed December 15, 1992, cross-examined December 21, 1992.

Application of the Southern New England Telephone Company to amend its rates and rate structure, Connecticut Department of Public Utility Control Docket No. 92-09-19, on behalf of the Connecticut Office of Consumer Counsel, filed March 26, 1993 and May 19, 1993, cross-examined May 25, 1993.

In the matter of the Application of Cincinnati Bell Telephone Company for Approval of an Alternative Form of Regulation and for a Threshold Increase in Rates, Public Utilities Commission of Ohio Case No. 93-432-TP-ALT, on behalf of Time Warner AxS, filed March 2, 1994.

Matters relating to IntraLATA Toll Competition and Access Rate Structure, Rhode Island Public Utilities Commission Docket 1995, on behalf of the Rhode Island Public Utilities Commission Staff, filed March

Statement of Qualifications of Susan M. Baldwin Page 5

28, 1994 and June 9, 1994, cross-examined August 1, 1994.

In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation, Public Utilities Commission of Ohio Case No. 93-487-TP-ALT, on behalf of Time Warner AxS, filed May 5, 1994, cross-examined August 11, 1994.

In Re: Universal Service Proceeding: The Cost of Universal Service and Current Sources of Universal Service Support, Tennessee Public Service Commission Docket No. 95-02499, on behalf of Time Warner AxS of Tennessee, L.P., filed October 18, 1995 and October 25, 1995, cross-examined October 27, 1995.

In Re: Universal Service Proceeding: Alternative Universal Service Support Mechanisms, Tennessee Public Service Commission Docket No. 95-02499, on behalf of Time Warner AxS of Tennessee, L.P., filed October 30, 1995 and November 3, 1995, cross-examined November 7, 1995.

In the Matter of the Application of US West Communications, Inc. for Authority to Increase its Rates and Charge for Regulated Title 61 Services, Idaho Public Utilities Commission Case No. USW-S-96-5, on behalf of the Staff of the Idaho Public Utilities Commission, filed November 26, 1996 and February 25, 1997, cross-examined March 19, 1997.

A Petition by the Regulatory Operations Staff to Open an Investigation into the Procedures and Methodologies that Should Be Used to Develop Costs for Bundled or Unbundled Telephone Services or Service Elements in the State of Nevada, Nevada Public Service Commission Docket No. 96-9035, on behalf of AT&T Communications of Nevada, Inc., filed May 23, 1997, cross-examined June 6, 1997.

Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish a Framework for Network Architecture; Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks, California Public Utilities Commission R.93-04-003 and I.93-04-002, co-authored a declaration on behalf of AT&T Communications of California, Inc., and MCI Telecommunications Corporation, filed on December 15, 1997 and on February 11, 1998.

Consolidated Petitions for Arbitration of Interconnection Agreements, Massachusetts Department of Telecommunications and Energy, DPU 96-73/74. 96-75, 96-80/81, 96-83, and 96-84, on behalf of AT&T Communications of New England, Inc. and MCI Telecommunications Corporation, filed February 3, 1998.

In the Matter of the Application of US West Communications, Inc. for Specific Forms of Price Regulation, Colorado Public Utilities Commission Docket No. 97-A-540T, on behalf of the Colorado Office of Consumer Counsel, filed on April 16, 1998, May 14, 1998 and May 27, 1998, cross-examined June 2, 1998.

Joint Application of SBC Communications and Southern New England Telecommunications Corporation for Approval of a Change of Control, Connecticut Department of Public Utility Control Docket No. 98-02-20, on behalf of the Connecticut Office of Consumer Counsel, filed May 7, 1998 and June 12, 1998, cross-examined June 15-16, 1998.

Fourth Annual Price Cap Filing of Bell Atlantic-Massachusetts, Massachusetts Department of Telecommunications and Energy Docket DTE 98-67, on behalf of MCI Telecommunications

Statement of Qualifications of Susan M. Baldwin Page 6

Corporation, filed September 11, 1998 and September 25, 1998, cross-examined October 22, 1998.

Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control, Federal Communications Commission CC Docket No. 98-141, co-sponsored affidavit on behalf of Indiana Utility Consumer Counselor, Michigan Attorney General, Missouri Public Counsel, Ohio Consumers' Counsel, Texas Public Utility Counsel and Utility Reform Network, filed on October 13, 1998.

In the Matter of the Joint Application of SBC Communications Inc., SBC Delaware, Inc., Ameritech Corporation and Ameritech Ohio for Consent and Approval of a Change of Control, Public Utilities Commission of Ohio Case No.98-1082-TP-AMT, on behalf of Ohio Consumers' Counsel, filed on December 10, 1998, cross-examined on January 22, 1999.

GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control, Federal Communications Commission CC Docket No. 98-184, co-sponsored an affidavit on behalf of a coalition of consumer advocates from Delaware, Hawaii, Maine, Maryland, Missouri, Ohio, Oregon, West Virginia, and Michigan, filed on December 18, 1998.

In the Matter of the Joint Application of GTE and Bell Atlantic to Transfer Control of GTE's California Utility Subsidiaries to Bell Atlantic, Which Will Occur Indirectly as a Result of GTE's Merger with Bell Atlantic, California Public Utilities Commission A. 98-12-005, on behalf of the California Office of Ratepayer Advocate, filed on June 7, 1999.

In the Matter of the Investigation on the Commission's Own Motion Into All Matters Relating to the Merger of Ameritech Corporation and SBC Communications Inc., Indiana Utility Regulatory Commission Cause No. 41255, on behalf of the Indiana Office of Utility Consumer Counselor, filed on June 22, 1999 and July 12, 1999, cross-examined July 20, 1999.

In re Application of Bell Atlantic Corporation and GTE Corporation for Approval of the GTE Corporation - Bell Atlantic Corporation Merger, Washington Utilities and Transportation Commission UT-981367, on behalf of the Washington Attorney General Public Counsel Section, filed on August 2, 1999.

Application of New York Telephone Company for Alternative Rate Regulation, Connecticut Department of Public Utility Control Docket No. 99-03-06, on behalf of the Connecticut Office of Consumer Counsel, filed October 22, 1999.

In re: Area Code 515 Relief Plan, Iowa Utilities Board Docket No. SPU-99-22, on behalf of the Iowa Office of Consumer Advocate, filed November 8, 1999, and December 3, 1999, cross-examined December 14, 1999.

In re Application of MCI WorldCom, Inc. and Central Telephone Company - Nevada, d/b/a Sprint of Nevada, and other Sprint entities for Approval of Transfer of Control pursuant to NRS 704.329, Nevada Public Utilities Commission Application No. 99-12029, on behalf of the Nevada Office of the Attorney General, Bureau of Consumer Protection, filed April 20, 2000.

In re: Area Code 319 Relief Plan, Iowa Utilities Board Docket No. SPU-99-30, on behalf of the Iowa Office of Consumer Advocate, filed June 26, 2000 and July 24, 2000.

In re: Sprint Communications Company, L.P. & Level 3 Communications, L.L.C., Iowa Utilities Board Docket Nos. SPU-02-11 & SPU-02-13, filed October 14, 2002 and January 6, 2003, cross-examined February 5, 2003.

Illinois Bell Telephone Company filing to increase unbundled loop and nonrecurring rates (tariffs filed December 24, 2002), Illinois Commerce Commission Docket No. 02-0864, on behalf of Citizens Utility Board, filed May 6, 2003 and February 20, 2004.

Qwest Petition for Competitive Classification of Business Services, Washington Utilities and Transportation Commission Docket No. 030614, on behalf of Public Counsel, filed August 13, 2003 and August 29, 2003, cross-examined September 18, 2003.

In the Matter of the Application of CenturyTel of Northwest Arkansas, LLC for Approval of a General Change in Rates and Tariffs, Arkansas Public Service Commission Docket No. 03-041-U, on behalf of the Attorney General, filed October 9, 2003 and November 20, 2003.

In the Matter of the Board's Review of Unbundled Network Elements, Rates, Terms and Conditions of Bell Atlantic New Jersey, Inc., New Jersey Board of Public Utilities Docket No. TO00060356, on behalf of the New Jersey Division of the Ratepayer Advocate, filed January 23, 2004.

In the Matter of the Implementation of the Federal Communications Commission's Triennial Review Order, New Jersey Board of Public Utilities Docket No. TO03090705, on behalf of the New Jersey Division of the Ratepayer Advocate, filed February 2, 2004.

Unbundled Access to Network Elements, Review of the Section 251 Unbundling Obligations of Local Exchange Carriers, Federal Communications Commission WC Docket No. 04-313, CC Docket No. 01-338, sponsored affidavit on behalf of the New Jersey Division of the Ratepayer Advocate, filed October 4, 2004.

Unbundled Access to Network Elements, Review of the Section 251 Unbundling Obligations of Local Exchange Carriers, Federal Communications Commission WC Docket No. 04-313, CC Docket No. 01-338, sponsored affidavit on behalf of the Utah Committee of Consumer Services, filed October 4, 2004.

In the Matter of Verizon New Jersey, Inc. For a Revision of Tariff B.P.U.-N.J. – No. 2 Providing for a Revenue Neutral Rate Restructure Including a Restructure of Residence and Business Basic Exchange Service and Elimination of \$.65 Credit, New Jersey Board of Public Utilities Docket No. TT04060442, on behalf of the New Jersey Division of the Ratepayer Advocate, filed December 22, 2004 and January 18, 2005.

In the Matter of the Application of Verizon New Jersey, Inc. for Approval (I) of a New Plan for an Alternative Form of Regulation and (II) to Reclassify Multi-Line Rate Regulated Business Services as Competitive Services, and Compliance Filing, New Jersey Board of Public Utilities Docket No. TO01020095, on behalf of the New Jersey Division of the Ratepayer Advocate, filed January 10, 2005 and February 4, 2005.

Joint Petition of SBC Communications Inc. and AT&T Corp., Together with its Certificated Subsidiaries for Approval of Merger, New Jersey Board of Public Utilities Docket No. TM05020168, on behalf of the

Statement of Qualifications of Susan M. Baldwin Page 8

New Jersey Division of the Ratepayer Advocate, filed May 4, 2005 and June 1, 2005.

In the Matter of Verizon Communications Inc. and MCI, Inc., Applications for Approval of Transfer of Control, WC Docket No. 05-75, co-sponsored affidavit on behalf of the New Jersey Division of the Ratepayer Advocate, filed on May 9, 2005.

In the Matter of the Application of Southwestern Bell Telephone, L.P., d/b/a SBC Arkansas to Set Rates for Unbundled Network Elements, Arkansas Public Service Commission Docket No. 04-109-U, on behalf of the Attorney General, filed May 27, 2005.

Joint Petition of Verizon Communications Inc. and MCI, Inc. for Approval of Merger, New Jersey Board of Public Utilities Docket No. TM05030189, on behalf of the New Jersey Division of the Ratepayer Advocate, filed July 8, 2005 and August 19, 2005.

In the Matter of Joint Petition of United Telephone Company of New Jersey, Inc. d/b/a Sprint and LTD Holding Company for Approval Pursuant to *N.J.S.A.* 48:2-51 and *N.J.S.A.* 48:3-10 of a change in Ownership and Control, New Jersey Board of Public Utilities Docket No. TM05080739, on behalf of the New Jersey Division of the Ratepayer Advocate, filed November 29, 2005.

In the Matter of the Board's Review of the Classification of Verizon New Jersey's Directory Assistance Services ("DAS") as Competitive and Associated Service Quality, Docket No. TX06010057, In the Matter of the Filing by Verizon New Jersey Inc. for the Reclassification of Existing Rate Regulated Services – Directory Assistance Services as Competitive, Docket No. TT97120889, on behalf of the New Jersey Division of the Ratepayer Advocate, filed May 12, 2006.

In the Matter of AT&T Inc. and BellSouth Corporation Applications for Approval of Transfer of Control, Federal Communications Commission WC Docket No. 06-74, sponsored declaration with Sarah M. Bosley on behalf of the New Jersey Division of the Ratepayer Advocate, filed June 5, 2006.

Testimony before State Legislatures:

Testified on September 24, 1997, before the Massachusetts State Legislature Joint Committee on Government Regulations regarding House Bill 4937 (concerning area codes).

Publications/Presentations

Articles on telecommunications and energy policy in trade journals, and presentations at industry associations and conferences include the following:

Reports:

"Assessing SBC/Pacific's Progress in Eliminating Barriers to Entry: The Local Market in California Is Not Yet 'Fully and Irreversibly Open'" (with Patricia D. Kravtin, Dr. Lee L. Selwyn, and Douglas S. Williams). Prepared for the California Association of Competitive Telecommunications Companies, July 2000.

"Where Have All the Numbers Gone? (Second Edition): Rescuing the North American Numbering Plan

from Mismanagement and Premature Exhaust" (with Dr. Lee L. Selwyn). Prepared for the Ad Hoc Telecommunications Users Committee, June 2000.

"Price Cap Plan for USWC: Establishing Appropriate Price and Service Quality Incentives for Utah" (with Patricia D. Kravtin and Scott C. Lundquist). Prepared for the Utah Division of Public Utilities, March 22, 2000.

"Telephone Numbering: Establishing a Policy for the District of Columbia to Promote Economic Development" (with Douglas S. Williams and Sarah C. Bosley). Prepared for the District of Columbia Office of People's Counsel, February 2000 (submitted to Eric W. Price, Deputy Mayor, April 6, 2000).

"The Use of Cost Proxy Models to Make Implicit Support Explicit, Assessing the BCPM and the Hatfield Model 3.1" (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, March 1997.

"The Use of Forward-Looking Economic Cost Proxy Models" (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC Docket No. CCB/CPB 97-2, February 1997.

"Continuing Evaluation of Cost Proxy Models for Sizing the Universal Service Fund, Analysis of the Similarities and Differences between the Hatfield Model and the BCM2" (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, October 1996.

"Converging on a Cost Proxy Model for Primary Line Basic Residential Service, A Blueprint for Designing a Competitively Neutral Universal Service Fund" (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, August 1996.

"The BCM Debate, A Further Discussion" (with Dr. Lee L. Selwyn and Helen E. Golding). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, May 1996.

"The Cost of Universal Service, A Critical Assessment of the Benchmark Cost Model" (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, April 1996.

"Funding Universal Service: Maximizing Penetration and Efficiency in a Competitive Local Service Environment" (with Dr. Lee L. Selwyn). Prepared for Time Warner Communications, Inc., October 1995.

"A Balanced Telecommunications Infrastructure Plan for New York State" (with Dr. Lee L. Selwyn). Prepared for the New York User Parties, December 4, 1992.

"A Roadmap to the Information Age: Defining a Rational Telecommunications Plan for Connecticut" (with Dr. Lee L. Selwyn, Susan M. Gately, JoAnn S. Hanson, David N. Townsend, and Scott C. Lundquist). Prepared for the Connecticut Office of Consumer Counsel, October 30, 1992.

"Analysis of Local Exchange Carrier April 1988 Bypass Data Submissions" (with William P. Montgomery and Dr. Lee L. Selwyn). Prepared for the National Association of State Utility Consumer Advocates, August 1988.

- "Strategic Planning for Corporate Telecommunications in the Post-Divestiture Era: A Five Year View" (with Dr. Lee L. Selwyn, William P. Montgomery, and David N. Townsend). Report to the International Communications Association, December 1986.
- "Competitive Pricing Analysis of Interstate Private Line Services." Prepared for the National Telecommunications Network, June 1986.
- "Analysis of Diamond State Telephone Private Line Pricing Movements: 1980-1990." Prepared for Network Strategies, Inc., April 1985.
- "Analysis of New York Telephone Private Line Pricing Movements: 1980-1990." Prepared for Network Strategies, Inc., February 1985.

Presentations:

- "FCC's Regulatory Stance Consumer Advocates' Role More Important Than Ever," 2005 National Association of State Utility Consumer Advocates Winter Meeting, March 2, 2005, Washington, D.C.
- "Impact of Federal Regulatory Developments on Consumers and Consumers' Impact on Regulatory Developments," Presentation for the Washington Attorney General's Office, Seattle, Washington, May 27, 2003.
- "The Finances of Local Competition" Presentation at the New England Conference of Public Utilities Commissioners 54th Annual Symposium, Mystic, Connecticut, May 21, 2001.
- "Facilities-Based Competition" Presentation at the New England Conference of Public Utilities Commissioners 52nd Annual Symposium, Bretton Woods, New Hampshire, May 24, 1999.
- "Exploring Solutions for Number Exhaust on the State Level" and "A Forum for Clarification and Dialogue on Numbering Ideas," ICM Conference on Number Resource Optimization, December 10-11, 1998.
- "Telecommunications Mergers: Impact on Consumers," AARP Legislative Council 1998 Roundtable Meeting, November 18, 1998
- "Consumer Perspectives on Incumbent Local Exchange Carrier Mergers," National Association of Regulatory Utility Commissioners 110th Annual Convention, November 11, 1998.
- Federal Communications Commission En Banc Hearing on "Proposals to Revised the Methodology for Determining Universal Service Support," CC Docket Nos. 96-45 and 97-160," June 8, 1998, panelist.
- "Universal Service: Real World Applications," 1997 National Association of State Utility Consumer Advocates Mid-Year Meeting, June 9, 1997.
- "Modeling operating and support expenses" and "Modeling capital expenses," panelist for Federal-State Joint Board on Universal Service Staff Workshops on Proxy Cost Models, January 14-15, 1997, CC Docket 96-45.

- "Evaluating the BCM2: An Assessment of Its Strengths and Weaknesses," presentation to the AT&T Cost Team (with Michael J. DeWinter), December 4, 1996.
- "Interpreting the Telecommunications Act of 1996 Mandate for the Deployment of Advanced Telecommunications Services in a Fiscally Responsible and Fully Informed Manner" (with Helen E. Golding), *Proceedings of the Tenth NARUC Biennial Regulatory Information Conference*, Volume 3, September 11-13, 1996.
- "Making Adjustments to the BCM2." Presentation to the Staff of the Federal-State Joint Board on Universal Service, September 16, 1996.
- "Converging on a Model: An Examination of Updated Benchmark Cost Models and their Use in Support of Universal Service Funding." Presentation to the National Association of Regulatory Utility Commissioners Summer Committee Meetings, July 22, 1996.
- "The Phone Wars and How to Win Them" (with Helen E. Golding). *Planning*, July 1996 (Volume 62, Number 7).
- "ETI's Corrections to and Sensitivity Analyses of the Benchmark Cost Model." Presentation to the Staff of the Federal-State Joint Board on Universal Service," May 30, 1996.
- "Redefining Universal Service." Presentation at the *Telecommunications Reports* conference on "Redefining Universal Service for a Future Competitive Environment," January 18, 1996.
- "Funding Universal Service: Maximizing Penetration and Efficiency in a Competitive Local Service Environment," (with Lee L. Selwyn, under the direction of Donald Shepheard), a Time Warner Communications Policy White Paper, September 1995.
- "Stranded Investment and the New Regulatory Bargain," (with Lee L. Selwyn, under the direction of Donald Shepheard), a Time Warner Communications Policy White Paper, September 1995.
- "New Frontiers in Regulation." Presentation to the New England Women Economists Association, December 12, 1995.
- "Local Cable and Telco Markets." Presentation at the New England Conference of Public Utilities Commissioners 46th Annual Symposium, June 29, 1993.
- "Relationship of Depreciation to State Infrastructure Modernization." Presentation at the *Telecommunications Reports* conference on "Telecommunications Depreciation," May 6, 1993.
- "Crafting a Rational Path to the Information Age." Presentation at the State of New Hampshire's conference on the "Twenty-First Century Telecommunications Infrastructure," April 1993.
- "The Political Economics of ISDN," presentation at the John F. Kennedy School of Government seminar on "Getting from Here to There: Building an Information Infrastructure in Massachusetts," March 1993.
- "ISDN Rate-Setting in Massachusetts." Business Communications Review, June 1992 (Volume 22, No.

Statement of Qualifications of Susan M. Baldwin Page 12

6).

- "The New Competitive Landscape: Collocation in Massachusetts." Presentation at TeleStrategies Conference on Local Exchange Competition, November 1991.
- "Telecommunications Policy Developments in Massachusetts." Presentations to the Boston Area Telecommunications Association, October 1989; March 1990; November 1990; June 1992. Presentation to the New England Telecommunications Association, March 1990.
- "Tariff Data is Critical to Network Management." *Telecommunications Products and Technology*, May 1988 (Volume 6, No. 5).
- "How to Capitalize on the New Tariffs." Presentation at Communications Managers Association conference, 1988.
- "Auction Methods for the Strategic Petroleum Reserve" (With Steven Kelman and Richard Innes). Prepared for Harvard University Energy Security Program, July 1983.
- "How Two New England Cities Got a \$100 Million Waste-to-Energy Project" (with Diane Schwartz). *Planning*, March 1983 (Volume 49, Number 3).
- "Evaluation of Economic Development and Energy Program in Lawrence, Massachusetts." (with Richard Innes). Prepared for U.S. Department of Energy, August, 1982.
- "Energy Efficiency in New England's Rental Housing." New England Regional Commission, 1981.
- "Low Level Radioactive Waste Management in New England." New England Regional Commission, 1981.
- "The Realtor's Guide to Residential Energy Efficiency." Prepared for the U.S. Department of Energy and the National Association of Realtors, 1980.

Advisor to:

United States General Accounting Office Report to the Subcommittee on Antitrust, Business Rights and Competition, Committee on the Judiciary, U.S. Senate, *Characteristics and Competitiveness of the Internet Backbone Market*, GAO-02-16, October 2001.

Appendix B

National Association of Regulatory Utility Commissioners

Resolution Relating to Separations Reform

February 15, 2006

Resolution Relating to Separations Reform

WHEREAS, In many States, the separations process has a direct and substantial effect on local exchange rates charged by some or all incumbent carriers; *and*

WHEREAS, The FCC established a separations freeze that began on July 1, 2001, and that will end on June 30, 2006, and the FCC's 2001 Freeze Order anticipated the possibility of a further extension of the freeze in consultation with the Separations Joint Board; *now therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened in its February 2006 Winter Meetings in Washington, D.C., states that, to make informed decisions, the Joint Board make every effort to gather facts concerning network and accounting trends within the regulated telecommunications industry; and be it further

RESOLVED, Even if a temporary extension of the current freeze is necessary, it should not last longer than two years, any new freeze should be adopted only by administrative rule following a Notice of Proposed Rulemaking, and any new freeze should be adopted only after meaningful consultation with the Joint Board, as anticipated by 47 U.S.C. § 410(c) and the Freeze Order; *and be it further*

RESOLVED, The FCC should clarify that all carriers must continue to directly assign all private lines and special access circuits based on existing line counts in such a manner that the Joint Board will be able to complete its work before the extended freeze expires; *and be it further*

RESOLVED, The FCC should participate in meaningful Joint Board consideration of the following additional issues:

- 1. Whether State decisions to deregulate rates of incumbent carriers justifies new separations elections for States or for carriers;
- 2. Whether new technologies (such as DSL and Fiber To The Home) and jurisdictional changes (such as wireline broadband, calls to ISPs and VoIP calls) require separations changes, possibly including modifications to the 75-25 fixed factor and usage factors (such as the DEM).
- 3. Whether separations adjustments (and accounts) are needed to properly record revenues and costs for wholesale services, including reciprocal compensation and unbundled elements;
- 4. Whether States that exercise Part 64 authority to exclude carrier plant or expenses for non-regulated services should calculate separations factors;
- 5. Whether 47 U.S.C. § 254(k) requires separations changes;
- 6. Whether new traffic measurement methodologies can provide useful information regarding how separations reform should occur;
- 7. How new companies that do not have a pre-freeze usage history should separate their costs during the freeze; and
- 8. Whether the present method of allocating and distributing funds for Joint Board meetings should be changed to be more effective; *and be it further*

RESOLVED, That NARUC General Counsel is authorized to promote this policy with policymakers.

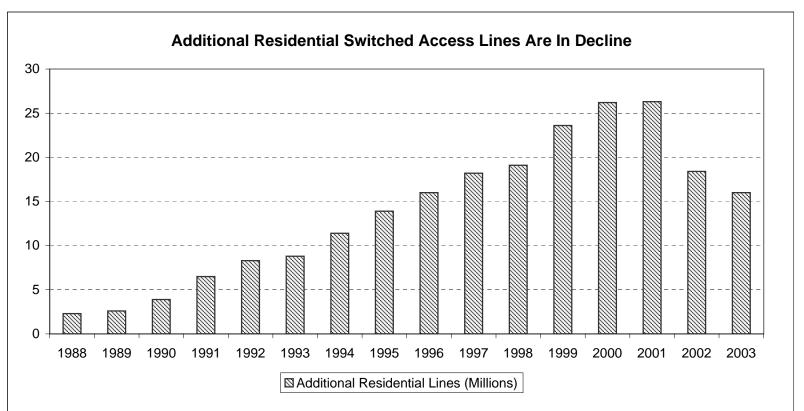
Sponsored by the Committee on Telecommunications
Adopted by the NARUC Board of Directors February 15, 2006

Appendix C Replacement of Additional Lines with DSL Connections

Additional Residential Switched Access Lines Are In Decline

	2002	2003	2004	2005
BellSouth Corporation	1,943,395	1,606,877	1,348,811	1,168,771
Qwest Corporation	1,573,339	1,274,502	1,063,018	912,307
AT&T Inc. (formerly SBC)	5,749,060	4,911,986	4,334,272	3,985,608
Verizon Communications	5,405,281	4,639,106	3,784,097	3,124,018
Dell Total	14 671 075	10 400 474	10 520 109	0.400.704
Bell Total	14,671,075	12,432,471	10,530,198	9,190,704

Source: FCC ARMIS Report 43-08, Table III, Row 910, Column fh.



Source: Trends in Telephone Service, Tables Compiled as of April 2005, FCC Industry Analysis and Technology, Division Wireline Competition Bureau, Table 7.4.

Customers Are Replacing Additional Lines With DSL Connections									
		2000	2001	2002	2003	2004	2005	Change 2000-2005*	% Change 2000-2005*
AT&T	Total Switched Access Lines	58,041,420	53,857,591	51,114,103	46,962,288	44,779,542	44,062,251	-13,979,169	-24%
	Residential Additional Lines	NA	NA	5,749,060	4,911,986	4,334,272	3,985,608	-1,763,452	-31%
	DSL Connections	767,000	1,333,000	2,199,000	3,515,000	5,104,000	6,921,000	6,154,000	802%
BellSouth	Total Switched Access Lines	25,087,026	24,088,143	22,300,335	20,595,768	19,337,439	18,808,132	-6,278,894	-25%
	Residential Additional Lines	NA	NA	1,943,395	1,606,877	1,348,811	1,168,771	-774,624	-40%
	DSL Connections	215,000	621,000	1,021,000	1,462,000	2,096,000	2,882,000	2,667,000	1240%
Qwest	Total Switched Access Lines	17,626,160	16,664,145	15,682,208	14,276,820	13,407,741	12,800,540	-4,825,620	-27%
	Residential Additional Lines	NA	NA	1,573,339	1,274,502	1,063,018	912,307	-661,032	-42%
	DSL Connections	271,000	448,000	510,000	638,000	1,037,000	1,480,000	1,209,000	446%
Verizon	Total Switched Access Lines	63,016,104	61,597,648	58,010,291	55,480,966	52,872,706	48,636,292	-14,379,812	-23%
	Residential Additional Lines	NA	NA	5,405,281	4,639,106	3,784,097	3,124,018	-2,281,263	-42%
	DSL Connections	540,000	1,200,000	1,800,000	2,300,000	3,485,000	5,144,000	4,604,000	853%
Bell Total	Total Switched Access Lines	163,770,710	156,207,527	147,106,937	137,315,842	130,397,428	124,307,215	-39,463,495	-24%
	Residential Additional Lines	NA	NA	14,671,075	12,432,471	10,530,198	9,190,704	-5,480,371	-37%
	DSL Connections	1,793,000	3,602,000	5,530,000	7,915,000	11,722,000	16,427,000	14,634,000	816%

^{*} Change and Percent Change for Residential Additional Lines is for the period 2002-2005.

Sources: Total Switched Access Lines and Residential Additional Lines: FCC ARMIS Report 43-08, Table III, Row 910, Columns (fh) and (fi); DSL Connections: SBC 2004 Annual Report, page 5; AT&T 2005 Annual Report, page 18; BellSouth 2003 Annual Report; page 30; BellSouth 2004 Annual Report, page 26; BellSouth 2005 Annual Report, page 34; Qwest 2001 Annual Report, page 45; Qwest 2002 Annual Report, page 37; Qwest Historical Financial Information, As of December 31, 2005, tab "Wireline" (QstatisticalProfile4Q05.xls, available at www.qwest.com); Verizon Q4 2000 Investor Quarterly, page 5; Verizon Q4 2002 Investor Quarterly, page 5; Verizon 2005 Annual Report, page 13.

Projection of DSL Subscribership to 2010

(subscribers in thousands)

	Actual		Proje	ected*
	Bell	Annual	Annual	Bell
	DSL	Growth	Growth	DSL
Year	Demand	Rate	Rate	Demand
2000	1,793		-	-
2001	3,602	101%	-	-
2002	5,530	54%	-	-
2003	7,915	43%	-	-
2004	11,722	48%	-	-
2005	16,427	40%	-	-
2006	-	-	35%	22,176
2007	-	-	30%	28,829
2008	-	-	25%	36,037
2009	-	-	20%	43,244
2010	-	-	15%	49,731

^{*} Projections assume that annual growth in subscribership decreases by 5% each year, 2006-2010.

Sources: SBC 2004 Annual Report, page 5; AT&T 2005 Annual Report, page 18; BellSouth 2003 Annual Report; page 30; BellSouth 2004 Annual Report, page 26; BellSouth 2005 Annual Report, page 34; Qwest 2001 Annual Report, page 45; Qwest 2002 Annual Report, page 37; Qwest Historical Financial Information, As of December 31, 2005, tab "Wireline" (QstatisticalProfile4Q05.xls, available at www.qwest.com); Verizon Q4 2000 Investor Quarterly, page 5; Verizon Q4 2002 Investor Quarterly, page 5; Verizon 2005 Annual Report, page 13.

Appendix D

Bells' Resources Are Focused on Unregulated Lines of Business But Cost Allocation is Unclear:

Examples of Bells' Entrance into Video

AT&T U-verse



AT&T U-versesm Fact Sheet

A new entertainment experience with next-generation integrated services and advanced features has arrived in San Antonio.

AT&T U-verse TV

AT&T U-verse TV will bring customers a new entertainment experience and a variety of programming choices, plus features like picture-in-picture channel browsing, video-on-demand (VOD), fast channel changing, and parental controls.

Customers get more choice and control with four compelling packages, each including one digital video recorder and receivers for three televisions (Customers may add an additional receiver for \$5 per month). Packages include:

- AT&T U-verse TV U400, with more than 175 of the most popular channels including 49 premium movie channels like HBO[®] and Cinemax[®], and nine of the most-watched sports channels; plus local channels and 18 digital music channels.
- AT&T U-verse TV U300, with more than 150 of the most popular channels including 31 premium movie channels like Starz[®], SHOWTIME[®], The Movie Channel[™], Encore[®], and FLIX[®]; plus local channels and 18 digital music channels.
- AT&T U-verse TV U200, with more than 100 of the most popular channels, including news, movies, children's and family entertainment; plus local channels and 18 digital music channels.
- AT&T U-family, with a channel lineup including 47 of the best family-oriented TV channels, is available bundled with AT&T Yahoo! Internet Access, U-verse Enabled, for as little as \$54 a month.

Introductory offer – first three months of TV are free.

Additional subscription options are available, including a Spanish package (Paquete Espaňol) at 50 percent off for the first three months.

AT&T U-verse	AT&T Yahoo! High Speed Internet options				
TV packages	+ Express	+ Pro	+ Elite		
U200	\$69/mo.	\$74 /mo.	\$84/mo.		
	You pay just \$10/mo.	You pay just \$15/mo.	You pay just \$25/mo.		
	for the first 3 months!	for the first 3 months!	for the first 3 months!		
U300	\$89/mo.	\$94 /mo.	\$104/mo.		
	You pay just \$10/mo.	You pay just \$15/mo.	You pay just \$25/mo.		
	for the first 3 months!	for the first 3 months!	for the first 3 months!		
U400	\$109 /mo.	\$114 /mo.	\$124 /mo.		
	You pay just \$10/mo.	You pay just \$15/mo.	You pay just \$25/mo.		
	for the first 3 months!	for the first 3 months!!	for the first 3 months!		

^{*} Pricing subject to change.

AT&T U-verse



AT&T Yahoo! High Speed Internet, U-verse Enabled

AT&T Yahoo! High Speed Internet, *U-verse Enabled* customers will receive a leading combination of broadband access, services and content that provides a unique high-speed Internet experience.

The three packages of AT&T Yahoo! High Speed Internet, *U-verse Enabled* include:

- Elite: Downstream up to 6.0 Mbps, Upstream up to 1.0 Mbps.
- Pro: Downstream up to 3.0 Mbps, Upstream up to 1.0 Mbps.
- Express: Downstream up to 1.5 Mbps, Upstream up to 1.0 Mbps.

Among other compelling high speed Internet features are:

- Wireless home networking included.
- Unlimited online photo storage and 11 e-mail accounts, with 2 GB each of storage.
- A suite of powerful safety and security tools including anti-spy, anti-virus, pop-up blocker, parental controls, and anti-spam features conveniently integrated into one platform.

U-verse subscribers also get:

- Recurring monthly bundle discounts on all-inclusive U-verse services.
- Professional installation of U-verse services for just \$20 for customers who sign up now.
- Thirty-day money-back guarantee on U-verse services.

Prices subject to change. Services provided by your local AT&T telephone company and are available in limited areas. Residential customers only. AT&T Yahoo! High Speed Internet *U-verse Enabled* may not be purchased separately; purchase of AT&T U-verse TV required. Taxes, installation, city video cost recovery fees, and additional fees extra. Equipment rental fees are included as part of your monthly recurring charges. Separate purchase of adapter may be required for wireless networking. Acceptance of Terms of Service required. AT&T Yahoo! High Speed Internet maximum speed achieved depends on customer location, line condition, and concurrent use of other U-verse services. Credit and other restrictions apply. **3 Months Free:** Offer expires 7/31/06. Applies to programming packages: U-verse 200, 300, 400. Customer responsible for Video on Demand and Pay Per View charges. **Money-Back Guarantee:** For customers ordering the Double Pack (TV and Internet) who cancel both U-verse services within 30 days from service activation. Money-Back Guarantee includes adjustment of initial installation and one month's service fees only. Customer responsible for Video on Demand, Pay Per View, and non-returned equipment charges. Valid for orders placed between 6/30/06-9/18/06. Other restrictions apply. **Paquete Español:** Offer expires 7/31/06. Customer must subscribe to a U-verse programming package. Full rate of \$10/mo. applies after 3 months.

Yahoo! and the Yahoo! logos and other product and service names are the trademarks and/or registered trademarks of Yahoo! Inc. Subsidiaries and affiliates of AT&T Inc. provide products and services under the AT&T brand. © 2006 AT&T Knowledge Ventures. All rights reserved. HBO*, Cinemax* and EntourageSM are service marks of Home Box Office, Inc. SHOWTIME, THE MOVIE CHANNEL, and related marks are trademarks of Showtime Networks Inc. You must be a subscriber of Showtime to receive Showtime On Demand, Starz and all related channels and service marks are the property of Starz Entertainment Group, L.L.C.

AT&T Expands U-verse Services in San Antonio

Through July 31, New Customers May Receive Three Months of Free TV

San Antonio, Texas, June 26, 2006

More San Antonio consumers can now enjoy a new universe of communications and entertainment through the AT&T U-versesm experience.

AT&T Inc. (NYSE:T) today announced the initial expansion of AT&T U-verse services — the company's next-generation television and high speed Internet offerings — in San Antonio. The services utilize AT&T's fiber-rich network, which extends optical connections deeper into customer neighborhoods.

"Our AT&T U-verse services are based on one simple concept: it's all coming together for you," said Brooks McCorcle, AT&T vice president and general manager for the South Texas region. "Our new television service was built around the needs of the individual customer. And we're committed to delivering a customer service experience with AT&T U-verse that's unmatched by even our own high standards. We're confident that once customers experience AT&T U-verse TV, they'll never look at home entertainment the same way again."

During this initial expansion in San Antonio, AT&T U-verse TV will offer:

- A compelling variety of TV packages with more than 200 channels, including digital music, local, and premium movie and sports programming.
- A premium Spanish-language package featuring novellas, movies, news, sports, children's programming, talk shows and more for an additional \$5 per month (regularly \$10 per month) for the first three months.
- A growing video-on-demand library with hundreds of hours of diverse content.
- An innovative easy-to-use **program guide**.
- Fast channel changing, eliminating the delay experienced with other digital broadcast services.
- The ability to **search for programs** using title or actor's name.
- **Picture-in-picture functionality** that allows subscribers to "channel surf" without leaving the program they're watching.
- Three TV receivers one with a **digital video recorder (DVR)**, which allows customers to pause, rewind, replay and record live TV at no extra charge (Customers may add an additional receiver for \$5 per month).

AT&T plans to add more channels, high-definition programming, more video-on-demand titles, a whole home DVR feature, and other interactive applications later this year.

Now through July 31, qualified new customers can join AT&T U-verse and receive free TV service for

the first three months (other monthly charges apply). Thereafter, customers will continue to receive recurring monthly bundle discounts. Customers can choose from four TV packages and 3 Internet packages to customize their entertainment experience. Current AT&T U-verse bundles range in price from \$69 to \$124 per month, depending on the selected programming and Internet package (other monthly charges apply).

In addition to the packages above, AT&T will offer a unique family-friendly programming package: Ufamily. The U-family offer includes the best family-oriented TV channels, plus video-on-demand, three TV receivers and a digital video recorder (DVR). U-family bundles, which include high speed Internet access, are available for as low as \$54 per month (other monthly charges apply).

Professional installation of three TV receivers (additional receiver available for \$5 per month)—including one with a DVR—and wireless home networking, plus a U-learn educational tutorial, in which an AT&T technician will show customers how to use video-on-demand, program their DVR and other features, is available for a one-time introductory fee of \$20 for customers who choose a U-verse bundle; this service is normally valued at \$95. In addition, AT&T will offer new customers a 30-day money-back guarantee.

"Customers will be amazed by the U-verse experience — from our ordering and installation process to the unprecedented control and enjoyment they'll receive with our TV, high speed Internet and wireless home networking services," said McCorcle. "We've really reinvented the universe of communications and entertainment."

Three packages of AT&T Yahoo! High Speed Internet, *U-verse Enabled* will be made available to AT&T U-verse customers:

- Elite: Downstream up to 6.0 Mbps, Upstream up to 1.0 Mbps.
- **Pro:** Downstream up to 3.0 Mbps, Upstream up to 1.0 Mbps.
- Express: Downstream up to 1.5 Mbps, Upstream up to 1.0 Mbps.

All high-speed Internet packages offered as part of AT&T U-verse include wireless home networking at no charge, giving users the freedom to access online photos, streaming video, games and other information using a wireless-enabled laptop or other device. Subscribers also receive virtually unlimited e-mail storage and powerful anti-virus and anti-spam software.

San Antonio is the first market where AT&T U-verse services are commercially available. In addition to widening the availability in San Antonio over the coming months, AT&T plans to launch U-verse services in additional markets by the end of the year.

The deployment of next-generation video services reflects AT&T's strategy to become customers' preferred communications and entertainment provider and to deliver a video solution through its traditional footprint that provides greater value, flexibility and simplicity than competitors' offerings.

AT&T U-verse TV represents a critical new service in the company's video portfolio, which today includes AT&T â", DISH Network and soon will include AT&T Homezone, which integrates AT&T â", DISH Network and AT&T Yahoo! High Speed Internet. The deployment of AT&T U-verse TV also underscores the company's strategy to deliver integrated services to the three screens many consumers say are most valued today: the PC, the TV, and the wireless phone.

To introduce customers to AT&T U-verse, the company will sponsor targeted promotional campaigns and family-oriented neighborhood events. Each event will feature U-verse demonstrations, family entertainment, and other recreational activities. Customers who live in neighborhoods where the service is available will receive invitations notifying them of the date and location of each event in their area.

Customers seeking additional information on AT&T U-verse — or to find out if it's available in their area — can visit **uverse.att.com**.

About AT&T

AT&T Inc. is one of the world's largest telecommunications holding companies and is the largest in the United States. Operating globally under the AT&T brand, AT&T companies are recognized as the leading worldwide providers of IP-based communications services to business and as leading U.S. providers of high-speed DSL Internet, local and long distance voice, and directory publishing and advertising services. AT&T Inc. holds a 60 percent ownership interest in Cingular Wireless, which is the No. 1 U.S. wireless services provider with more than 55.8 million wireless customers. Additional information about AT&T Inc. and AT&T products and services is available at www.att.com.

IMPORTANT INFORMATION:

Prices subject to change. Services provided by your local AT&T telephone company and are available in limited areas. Residential customers only. AT&T Yahoo! High Speed Internet U-verse Enabled may not be purchased separately; purchase of AT&T U-verse TV required. Taxes, installation, city video cost recovery fees, and additional fees extra. Equipment rental fees are included as part of your monthly recurring charges. Separate purchase of adapter may be required for wireless networking. Acceptance of Terms of Service required. AT&T Yahoo! High Speed Internet maximum speed achieved depends on customer location, line condition, and concurrent use of other U-verse services. Credit and other restrictions apply. 3 Months Free: Offer expires 7/31/06. Applies to programming packages: U-verse 200, 300, 400. Customer responsible for Video on Demand and Pay Per View charges. Money-Back Guarantee: For customers ordering the Double Pack (TV and Internet) who cancel both U-verse services within 30 days from service activation. Money Back Guarantee includes adjustment of initial installation and one month's service fees only. Customer responsible for Video on Demand, Pay Per View, and non-returned equipment charges. Valid for orders placed between 6/30/06-9/18/06. Other restrictions apply.

Yahoo!, the Yahoo! Logos, and other product and service names are the

AT&T to Build Fiber-To-The-Premises Network to Deliver U-verse Services to 20,000-Home Community in Houston Area

AT&T and General Growth Properties Complete Largest AT&T Smart Moves Contract to Date to Deliver Next-Generation Communications and Entertainment Services to 65,000 Residents of Bridgeland Planned Community Development

San Antonio, Texas, June 21, 2006

AT&T Inc. (NYSE: T) today announced an agreement with General Growth Properties to build a fiber-to-the-premises network to deliver the AT&T U-verse suite of services, which includes integrated digital TV, high speed Internet and voice services, to a 20,000-home master-planned community near Houston.

The agreement, AT&T's largest such contract to date, underscores one of the company's key strategic initiatives for connecting customers to its Project Lightspeed fiber footprint. It will enable AT&T to make Internet Protocol-based communications and entertainment services available to the estimated 65,000 residents who will move into Bridgeland, a 10,000-acre residential development currently under construction.

The Bridgeland agreement — while unique in size, scope, and approach — is one of hundreds of agreements AT&T has completed for fiber-based developments. These agreements represent more than 270,000 homes in newly planned communities across the country that have become part of the AT&T Smart Moves program.

Research underscores the demand for advanced communications and entertainment services among new homeowners: In fact, some studies show that half of new home buyers upgrade their entertainment packages and almost 70 percent buy broadband, compared with 38 percent nationwide.

"Many of today's home buyers are embracing the digital lifestyle and want advanced communications and entertainment options as soon as they move in," said Ed Cholerton, AT&T vice president and general manager for the Houston market area. "The AT&T Smart Moves program at Bridgeland is one strategic way that we are connecting customers with our next generation of services — while providing builders and developers with added value that helps differentiate their planned communities."

The first Bridgeland model homes are to open this summer with construction of the remaining residential and commercial properties to continue through 2020. The master plan for Bridgeland calls for an extensive lake and trail system and a series of distinctive bridges all designed to connect recreational, educational and cultural amenities together with employment, retail and health and fitness offerings. It will also feature a large town center area near the center of the community.

"Bringing fiber optic telecommunications to the home will make life in Bridgeland a great marriage of nature and technology. You'll connect to schools and neighbors by tree-lined walking trails while

connecting to the globe through an electronic broadband pipeline with enormous technological potential for communication, entertainment and access to the Internet," said Joe Necker, vice president of development for General Growth Properties. "Internet protocol television will give Bridgeland residents the most advanced available technology for getting information and entertainment."

Since 2005, the total number of single-family homes under AT&T Smart Moves contracts has increased from about 460,000 to more than 830,000 — including those that are fiber-enabled and others that involve bundled services and other types of networking.

About General Growth Properties

Bridgeland is being developed by General Growth Properties, Inc., the second largest U.S.-based publicly traded Real Estate Investment Trust (REIT). General Growth currently has an ownership interest in or management responsibility for a portfolio of more than 200 shopping malls in 44 states, as well as ownership in planned community developments and commercial office buildings. The portfolio totals approximately 200 million square feet of retail space and includes more than 24,000 retail stores nationwide. General Growth Properties, Inc. is listed on the New York Stock Exchange under the symbol GGP. For more information, please visit the company web site at http://www.generalgrowth.com.

About AT&T Inc.

AT&T Inc. is one of the world's largest telecommunications holding companies and is the largest in the United States. Operating globally under the AT&T brand, AT&T companies are recognized as the leading worldwide providers of IP-based communications services to business and as leading U.S. providers of high speed DSL Internet, local and long distance voice, and directory publishing and advertising services. AT&T Inc. holds a 60 percent ownership interest in Cingular Wireless, which is the No. 1 U.S. wireless services provider with 55.8 million wireless customers. Additional information about AT&T Inc. and AT&T products and services is available at www.att.com.

TiVo and BellSouth to Co-Market TiVo DVR and DSL Internet

Agreement Offers TiVo DVR to Select BellSouth® FastAccess® DSL Subscribers

ALVISO, CA and ATLANTA, GA – July 27, 2006 – TiVo Inc. (NASDAQ: TIVO), a creator of and leader in television services for digital video recorders (DVRs), and BellSouth Corporation (NYSE: BLS), today announced a co-marketing agreement to promote the stand-alone TiVo® Series2TM box and service in conjunction with BellSouth® FastAccess® DSL.

Beginning this week, BellSouth and TiVo will launch the first of a variety of co-marketing initiatives that leverage product synergies between BellSouth FastAccess DSL and TiVo in order to drive additional distribution of the respective services. Through the agreement with TiVo, select FastAccess DSL subscribers will receive special pricing on the TiVo box and service. These customers can further enhance their already reliable, high-speed Internet service with TiVo's broadband applications, including online scheduling, TiVoToGo transfers, TiVo Guru Guide recommendations, streaming radio, movie browsing, and TiVo's easy-to-use Home Media features. TiVo's home media features allows subscribers to receive broadband delivered video and view personal music and photos on the TV set not just the PC. Subscribers will also receive the newly released TiVo KidZone as well as the traditional features for finding, recording and watching their favorite TV shows, such as Season PassTM recordings and WishList® searches.

"TiVo is pleased to work with BellSouth on this powerful marketing initiative," said Naveen Chopra, vice president of business development at TiVo. "With its strong southeastern presence and renowned customer satisfaction, BellSouth is uniquely positioned to market the benefits of a broadband-connected TiVo Box. Together, we can turn a DSL Internet connection into a pipeline for video content delivered directly to the television."

Although specific marketing tactics were not disclosed, TiVo and BellSouth will leverage each other's marketing efforts in key Southeastern markets. They will also offer special incentives to customers who subscribe to both services.

"BellSouth is excited to offer TiVo's unique broadband applications to our FastAccess DSL customers," said Joey Schultz, vice president of marketing for BellSouth Retail Markets. "TiVo's leading DVR service and powerful consumer brand helps us differentiate our DSL Internet offering by providing our subscribers exciting and entertaining ways to enhance their television and online experience."

About BellSouth Corporation

BellSouth Corporation is a Fortune 500 communications company headquartered in Atlanta, Georgia. BellSouth has joint control and 40 percent ownership of Cingular Wireless, the nation's largest wireless voice and data provider with 57.3 million customers.

Backed by award-winning customer service, BellSouth offers the most comprehensive and innovative package of voice and data services available in the market. Through BellSouth Answers®, residential and small business customers can bundle their local and long distance service with dial-up and high-speed DSL Internet access, satellite television and Cingular® Wireless service. For businesses, BellSouth provides secure, reliable local and long distance voice and data networking solutions. BellSouth also offers print and online directory advertising through The Real Yellow Pages® and YELLOWPAGES.COMTM from BellSouth.

BellSouth believes that diversity and fostering an inclusive environment are critical in maintaining a competitive advantage in today's global marketplace. More information about BellSouth can be found at http://www.bellsouth.com.

About TiVo Inc.

Founded in 1997, TiVo (NASDAQ: TIVO) pioneered a brand new category of products with the development of the first commercially available digital video recorder (DVR). Sold through leading consumer electronic retailers and Internet Providers, TiVo has developed a brand which resonates boldly with consumers as providing a superior television experience. Through agreements with leading satellite and cable providers, TiVo also integrates its full set of DVR service features into the set-top boxes of mass distributors. TiVo's DVR functionality and ease of use, with such features as Season Pass™ recordings and WishList® searches, has elevated its popularity among consumers and has created a whole new way for viewers to watch television. With a continued investment in its patented technologies, TiVo is revolutionizing the way consumers watch and access home entertainment. Rapidly becoming the focal point of the digital living room, TiVo's DVR is at the center of experiencing new forms of content on the TV, such as broadband delivered video, music and photos. With innovative features, such as TiVoToGo™ transfers and online scheduling, TiVo is expanding the notion of consumers experiencing "TiVo, TV your way.®" The TiVo® service is also at the forefront of providing innovative marketing solutions for the television industry, including a unique platform for advertisers and audience measurement research. The company is based in Alviso, Calif.

TiVo, 'TiVo, TV your way.' Season Pass, WishList, TiVoToGo and the TiVo Logo are trademarks or registered trademarks of TiVo Inc. and its subsidiaries worldwide. © 2006 TiVo Inc. All rights reserved.

Sources: Tivo Inc. and BellSouth Corporation

For more information: For BellSouth: Nadine Randall (404) 829-8724 nadine.randall@bellsouth.com

For TiVo:

Krista Wierzbicki (408) 519-9438 kwierzbicki@tivo.com



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- family, variety, news and entertainment networks, local stations* and 67 audio music channels from XM Satellite Radio.
- Watch over 20 more channels of sports, news, entertainment, and programming for families
- Enjoy the most variety with over 50 premium channels including HBO®, Starz® Super Pack, SHOWTIME UNLIMITED®, Cinemax®, and SPORTS PACK
- Save up to \$10 each month with BellSouth Answers® when you add DIRECTV programming



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Get FREE standard installation of up to a 4room DIRECTV® System:

- up to 4 leased standard receivers
- One dish antenna

Available on approved credit. Annual programming commitment required. Handling and delivery fee of \$19.95 applies. Add equipment lease fee of \$4.99 per month for separate programming on 2nd and each additional TV.

Add a **DIRECTV Plus® DVR** for only \$99 and receive a \$100 mail-in rebate from DIRECTV. It's like getting your DVR for free!

- Digitally record and rewind live TV with a DIRECTV Plus® DVR
- Get high definition programming with an HD Receiver

Two-year programming commitment required. Offer ends on 10/02/06 and is subject to approved credit. DIRECTV hardware, programming, and DVR service sold separately.

Learn more >>

Learn more >>

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^{*}In select markets, DIRECTV offers local channels. Eligibility will be determined at time order is placed based on service address. If local channels are not available in your area, you can still enjoy TOTAL CHOICE programming for \$3 less than the

^{**}Professional installation and land-based phone line connection required.

PRODUCTS & SERVICES

CUSTOMER SERVICE

MANAGE MYACCOUNT

Overview | Bundle Savings | Digital Voice | Local | Long-Distance | Wireless | Internet & DSL | VoIP | Video/TV

Residential: Video/TV



Products & Services DIRECTV® Service

- Learn More
- ▶ Channel Lineup

Customer Service

- ► Customer Service
- User Guides
- ▶ FAQs
- ▶ Manage Your Account



QWEST OFFERS INNOVATIVE TV SERVICE SOLUTIONS IN 14 STATES.

QWEST CHOICE TV AND DIRECTV® SERVICE AVAILABLE FROM QWEST LET YOU CHOOSE YOUR FAVORITES FROM BASIC PACKAGES, PREMIUM MOVIE CHANNELS, PAY PER VIEW CHANNELS AND MORE. Check DSL Availability

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SEE THE PROGRAMMING YOU WANT TO SEE

Qwest TV Services		
Package	Features	Monthly Charge
	100% digital-quality picture and sound satellite TV service from DIRECTV Access to over 250 channels of movies, news, sports and music, including at least 50 audio-only music channels from XM Satellite Radio Includes up to 55 pay per view movie and event choices a day Access to high-tech viewing options such as DIRECTV® DVR service and the DIRECTV® HD Package.	Packages start at \$44.99 a month* plus tax Add \$4.99/mo. lease fee for second and each additional DIRECTV® Receiver.
	Channel Lineup DIRECTV hardware, programming and DVR service available separately.	ORDER NOW >

*For new DIRECTV customers. Premium packages available at additional rates. Rates do not include taxes and other fees.

More Special Offers DIRECTV® Service:

Get \$150 back on your DIRECTV® service (Get a \$10 monthly bill credit for 15 months on approved credit. Offer ends 9/4/06. Requires mail-in redemption.)

Full Offer Details

More For Your Connected Home

High Speed Internet

Get online with the speed you need.

DIRECTV: DIRECTV service provided by DIRECTV and subject to credit approval. Programming, pricing, terms and conditions subject to change. Taxes not included. DIRECTV services not provided outside the United States. Receipt of DIRECTV programming is subject to the terms of the DIRECTV Customer Agreement; copy provided at DIRECTV.com and mailed to customers in the first month. ©2006 DIRECTV, Inc. DIRECTV and the Cyclone Design logo, TOTAL CHOICE and DIRECTV PLUS are registered trademarks of DIRECTV, Inc. All other trademarks and service marks are the property of their respective owners.

ABOUT QWEST | CAREERS AT QWEST

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One in Eight Eligible Customers Subscribes to Verizon FiOS Internet Service

Popularity Climbs as Company Delivers the Power of Fiber Optics Directly to Millions of Homes and Small Businesses

New FiOS Subscribers Represented More Than 25 Percent of Verizon's Net New Consumer and Small-Business Wireline Broadband Customers in the Second Quarter

August 1, 2006

Media contact:

Bobbi Henson, 972-718-2225

NEW YORK – The popularity of Verizon's groundbreaking, ultra-fast, all-fiber-optic FiOS Internet service continues to climb. Data just released for the second quarter of 2006 shows that FiOS Internet customers made up more than 25 percent of the 440,000 net new wireline broadband sales for Verizon.

On average, Verizon has won 12 percent of potential FiOS Internet customers within just nine months of entering a new market with its fiber-optic network. Verizon reported that 375,000 customers now use its FiOS Internet service to connect to the Internet or other data networks at speeds of up to 50 Mbps, 10 times faster than typical cable offers.

The second-quarter report notes that Verizon gained 111,000 FiOS Internet customers in the second quarter alone. The company's new fiber-optic network now extends to 4.5 million homes and small businesses in 16 states as the company continues an unequalled construction project to expand the service. More than 3 million homes are now "open for sale" for FiOS Internet.

"FiOS sales are gaining momentum as hundreds of thousands of people discover the real difference that a fiber delivered directly into their homes and businesses provides," said John Wimsatt, senior vice president of Verizon's Broadband Solutions Group. "The tremendous capacity and bandwidth our FiOS Internet customers enjoy makes applications like photo and video sharing, blogging, digital movie downloads, video chat and conferencing, and interactive multi-player games a part of everyday living."

With FiOS, Verizon offers an unprecedented range of download and upload

speeds delivered over a new, leading-edge fiber-optic network directly into customer's homes. FiOS download connection speeds range from up to 5 Mbps (megabits per second) to up to 50 Mbps. FiOS upload speeds range from 2 Mbps to 10 Mbps, representing the fastest upstream speeds available to consumers from any U.S. Internet service provider.

Fast Upload Speeds Gain Importance

As the Internet becomes increasingly interactive, broadband users expect more high performance, not only in downloading content, but in uploading it as well.

The Pew Internet & American Life Project recently reported that more than 43 million Americans have created a blog or Web page for themselves or for others, or have shared something online that they created themselves, such as artwork, photos and videos, or both. The study reported, "There is a significant statistical association between creating online content and having a home broadband connection."

Wimsatt said, "The proliferation of personal digital photography and videos, blogs and personal Web sites is a significant driver of broadband growth. The ability to quickly upload content, such as digital photos and videos and large personal text files, is now just as important to customers as fast downloads. Having a high download speed without a high upload speed is the equivalent to having a conversation where you can only listen and not talk. With our groundbreaking download and upload speeds, FiOS customers enjoy a rich, two-way broadband experience that's unparalleled by any other service today."

FiOS 'Triple Play' Growth

Verizon's new fiber-optic network not only delivers super-fast Internet service, but also offers customers in many markets a new, competitive choice of television service with FiOS TV, offering more than 180 all-digital channels, two dozen HDTV channels and up to 2,500 video-on-demand titles.

"As hundreds of thousands of new FiOS customers are now benefiting from our super-fast, reliable Internet service, many are also coming to us for video," said Wimsatt. "In the approximately 60 markets in seven states where we currently offer FiOS TV, a high percentage of our FiOS Internet customers are signing up for our TV service.

In the second quarter 2006, Verizon also gained 329,000 DSL high-speed Internet customers and now has a total of 6.1 million wireline broadband

customers. The company's addition of 1.6 million new home and smallbusiness broadband customers over the past three quarters is an industryleading achievement.

Verizon Communications Inc. (NYSE:VZ), a Dow 30 company, is a leader in delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, serving nearly 55 million customers nationwide. Verizon Business operates one of the most expansive wholly-owned global IP networks. Verizon Telecom is deploying the nation's most advanced fiber-optic network to deliver the benefits of converged communications, information and entertainment services to customers. Based in New York, Verizon has a diverse workforce of more than 252,000 and generates annual consolidated operating revenues of approximately \$90 billion. For more information, visit www.verizon.com

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For more information, please visit <u>newscenter.verizon.com</u>.



Verizon Expands FiOS TV Availability in Massachusetts

Thursday, June 29, 2006

Consumers in Burlington, North Reading and Winchester Can Experience Better Television; New Service Provides More Choice and Greater Value

Verizon has introduced FiOS TV to three more communities north of Boston, making a broad range of programming choices and superior picture quality available to 57,500 residents. Burlington, North Reading and Winchester join Lynnfield, Reading and Woburn as the first Bay State markets for the company's new fiber-optic television service, delivered over the only all-digital, fiber network that is being made available, on a mass scale, to millions of individual homes and businesses.

Also today, Verizon announced that on Tuesday (June 27) the Board of Selectmen in Stoneham, Mass., unanimously approved Verizon's request for a 10-year cable-TV franchise license to provide FiOS TV in that community of 22,000.

Verizon launched FiOS TV in Keller, Texas, last September and began taking orders in Woburn in February. The company also has begun offering the service elsewhere in Texas, as well as in parts of New York, California, Florida, Maryland, and Virginia.

"FiOS TV gives consumers an outstanding, superior alternative for their video entertainment," said Donna Cupelo, Verizon region president for Massachusetts and Rhode Island. "Customers who liked what FiOS did for their Internet connection will love what it does for their TV. We've harnessed the speed and capacity of fiber-based broadband with the power of broadcast to create a revolutionary, new entertainment experience," said Cupelo.

Residents in these communities who are FiOS TV-eligible now have the option to trim their monthly bills by bundling FiOS TV service, FiOS Internet service and the Verizon Freedom Value unlimited calling plan, all for \$104.85.

Service highlights include:

- A broad collection of all-digital programming and compelling consumer choice.
- A lead offer with more than 180 all-digital video and music channels, for \$34.95 a month with Verizon FiOS Internet Service or a qualifying voice plan for \$39.95 a month as a stand-alone service.
- More than 20 high-definition channels, with extraordinary clarity and theater-quality sound.
- More than 2,200 On Demand titles available to customers now, increasing to over 3,500 titles in the next several months. Many of them are free.
- Channels grouped by genres such as entertainment, sports, news, shopping, movies and family, making it easy for audiences to find their favorite programming.
- An easy-to-use interactive programming guide that integrates HD programming, On Demand content and the digital video recorder along with broadcast television into a seamless user experience.

A dual-tuner, HD-capable DVR that gives customers the freedom to pause and rewind live TV, record one show while watching another, and fast forward to their favorite part of the program – all without a VCR, tapes or DVDs.

Information on packages and prices is available at www.verizon.net/fiostv. Burlington, North Reading and Winchester customers also can call 1-800-880-2943 to see if they're able to order FiOS TV.

Verizon is currently in negotiations with more than 40 other communities in Massachusetts to obtain additional franchises. For more information on the Verizon franchise process in the state, visit www.verizon.com/ma.

Verizon research indicates 87 percent of Massachusetts residents favor more competition and choice for video services. Independent studies have shown that competition in the video market brings enormous benefits to consumers in the form of reduced prices, better packages and improved service.

Delivered over Verizon's fiber-to-the-premises (FTTP) network, FiOS TV is designed to be a formidable competitor to cable and satellite. The Verizon FTTP network, the largest of its kind in the country, is currently under construction in more than half the states where the company offers landline communications services, including more than 50 Massachusetts communities. The network brings the power and capacity of fiber optics directly into people's homes and has industry-leading quality and reliability. Fiber delivers amazingly sharp pictures and sound, and has the capacity to transmit a wide array of high-definition programming that is so clear and intense it seems to leap from the TV screen. It also delivers Internet download speeds of up to 30 Mbps (megabits per second) and upload speeds of up to 5 Mbps as well as high-quality voice services.

Programming choices for Hispanic, African-American, Asian, Russian and other multicultural audiences are available in every market. Because FiOS TV has so much capacity, it is an outlet for emerging and independent networks to showcase their diverse programming.

Service and Package Details

FiOS TV subscribers can choose from three simple-to-understand service offerings, each with built-in choice and value. They can then choose from packages and premium channels with programming that meets their special interests. Verizon offers three set-top boxes: standard definition for \$3.95 per month; high definition, which includes HD channels, for \$9.95 per month; and a dual-tuner, HD-capable digital video recorder for \$12.95 per month.

The services include:

- FiOS TV Local, with access to more than 20 local broadcast weather and community channels for \$12.95 per month. The service is digital with a set-top box, which also provides access to On Demand programming. Basic is also available as an analog service that does not require a set-top box for viewing.
- FiOS TV Premier, Verizon's lead offer, delivers more than 180 video and music channels for \$34.95 a month with Verizon FiOS Internet Service or a qualifying voice plan. This tier includes access to On Demand content and requires a set-top box. High-definition channels are included in this tier at no extra charge, and customers must have an HD set-top box and an HD-ready TV to view them.
- La Conexión, an alternative to Expanded Basic service designed for bilingual consumers who enjoy TV programs in English and Spanish, for \$27.95 per month with Verizon FiOS Internet Service or a qualifying voice plan. La Conexión is also available as a stand-alone service for \$32.95 per month. The package includes nearly 140 channels with English and Spanish-language programming and access to On Demand programming. This service requires a set-top box. HD channels are included in this tier at no extra charge,

and customers must have an HD set-top box and an HD-ready TV to view them.

Verizon FiOS TV customers who sign up for 12 months of FiOS TV Premier or La Conexión will receive additional discounts through a newly instituted annual savings agreement. FiOS TV customers will have the choice of receiving \$5 off the monthly Movie Package price for an annual savings of \$60. Or, customers can waive the monthly standard set-top box fee of \$3.95 – an annual savings of \$47.40.

Consumers with a passion for movies or sports can add the movie package with 44 channels of Starz, Encore, Showtime, The Movie Channel, Sundance and Flix, as well as 255 titles of On Demand programming for a regular price of \$11.95 a month. Sports enthusiasts can add a 15-channel sports package for \$5.95 a month. Or, both packages can be purchased for \$14.95 a month. In addition to the movie package, customers with a set-top box can order new On Demand new movie releases for \$3.95 each or choose from a selection of movie library titles for \$2.95 each.

For wrestling fans, Verizon offers World Wrestling Entertainment's WWE 24/7, a subscription On Demand service, for \$7.95 a month. Karaoke fans can sing along at home with a subscription to the Karaoke package for \$7.95 a month.

Verizon also offers 14 HBO channels and 12 Cinemax channels as premium services, with each set of channels available for \$14.95. The price includes access to each channel's subscription On Demand library. Subscribers who want both HBO and Cinemax will pay \$24.95 per month.

The value of FiOS TV extends to the installation and customer support. Specially trained Verizon technicians will install the service and acquaint subscribers with FiOS TV features and services. Verizon is waiving the installation fee for up to three existing TV outlets, and there is no charge to install a needed optical network terminal at the subscriber's home. Charges for other installation services, such as additional outlets, may apply. Verizon provides 24x7 technical assistance by phone from its Fiber Solutions Centers in Providence, R.I., and other cities.

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Verizon Widens Its Broadband Speed Advantage on the Company's Industry-Leading Fiber-to-the-Premises Network

Thursday, July 27, 2006

Verizon Selects Alcatel, Motorola and Tellabs Equipment to Increase Speeds

New Equipment Known as 'G-PON' Leads to Speeds That Are up to Four-to-Eight Times Faster Than Verizon's Blazing-Fast, Fiber-Based Broadband Speeds That Already Lead the Industry

Verizon will widen its broadband speed advantage over other telecom and cable TV companies by installing equipment from Alcatel, Motorola and Tellabs that will dramatically increase speeds on the company's fiber-to-the-premises (FTTP) network.

Later this year, Verizon will begin deploying the Alcatel equipment first, to be followed by Motorola and Tellabs. This is subject to finalizing definitive agreements.

Initially, the new equipment will be capable of increasing broadband speeds by up to four times downstream to the customer's home and by up to eight times upstream back to the Internet on Verizon's FTTP network.

The company announced today that equipment from the three suppliers will support what is known as a Gigabit Passive Optical Network, or G-PON. Verizon will begin installing the Alcatel equipment first in company central-switching offices and in new installations of direct fiber-optic links terminating at a customer's home. Deployment of the Motorola and Tellabs equipment will follow. Both of those companies today supply electronic equipment for the current technology being deployed in Verizon's 16-state FTTP network, known as B-PON or Broadband Passive Optical Network.

"G-PON is the next step in the evolution of the all-fiber-access network," said Paul Lacouture, Verizon's executive vice president for network and technology. "When we first launched the nation's only large-scale FTTP program in 2004, we said that one of the most important competitive and cost-effective features is that we could increase speed and capabilities by evolving to more advanced electronics and without having to change the fiber we had already deployed or are deploying. Today's announcement begins to fulfill that promise.

"In addition to the ability to boost our broadband Internet speeds on fiber, this new technology will enhance the videoon-demand capabilities of our existing FiOS TV product on fiber and sets the stage for an all-IP TV offering in the future," he said. "This new technology also brings us substantial cost benefits, allowing us to reduce costs of the electronics portion of the FTTP platform by about 25 percent. The bottom line is that this is an access network at the local level that is without peer in this industry."

Verizon is the only major U.S. company installing fiber-optic connections directly into consumers' homes on a widespread scale – paving the way for industry-leading FiOS broadband data and video products. Verizon is building the network in more than half the 28 states the company serves.

The company's fiber-based FiOS Internet services today feature blazing-fast broadband connections with downstream

speeds ranging from up to 5 Mbps to 50 Mbps (megabits per second) as well as upstream speeds ranging from up to 2 Mbps to 5 Mbps. Verizon already sells these services in over 1,200 communities in 16 states.

Verizon also sells its all-digital, high-capacity FiOS TV product over the same fiber network in 58 communities in seven states – competing directly with incumbent cable-TV companies and finally providing consumers in those communities with a choice for TV service.

Verizon launched its FTTP project in Texas in 2004, passed about 3 million homes and businesses with the technology by the end of 2005, and is on track to pass a total of 6 million premises by the end of this year. Verizon expects to continue to add about 3 million premises passed each year for the next several years.

FTTP replaces the copper wires that today connect most customers to telecom networks. Optical technology, particularly through the use of different transmission path wavelengths or colors, allows a telecom company to provide an array of new broadband, video and other services to customers because of fiber's almost limitless capacity. The fiber-optic network is also more reliable than traditional copper networks because it is less susceptible to problems related to moisture and electrical interference. For example, when heavy rains and floods swept through parts of eastern New England recently, Verizon customers served by FTTP reported significantly fewer problems than those served by copper.

The network is generically known as a passive optical network (PON) because it eliminates powered, neighborhood remote terminals that are required by traditional hybrid copper/fiber networks and are located between the company's central office and the customer. Since PON networks don't require such electronics, they can increase the overall reliability of the network and reduce operational and maintenance expenses.

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Appendix E

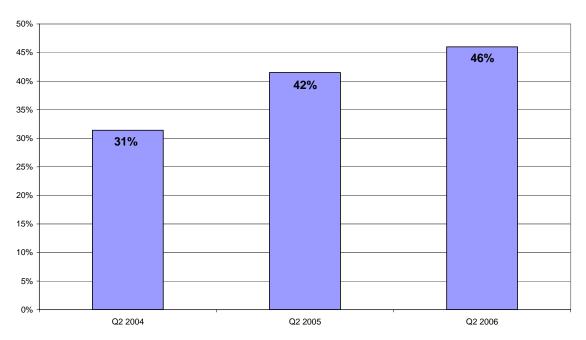
Increasing Demand for Bells' Bundled Offerings Creates Compelling Need to Examine the Allocation of Costs and Revenues

Associated with these Services

BellSouth

BellSouth introduced its BellSouth Answers packages in 2002. Subscriptions to these bundles have grown each year since then, as has the percentage of bundle customers that include long distance service in their package. As of June 30, 2006, nearly 5.1 million customers subscribe to BellSouth Answers bundles. BellSouth also reports 3.3 million DSL customers, and 691,000 DIRECTV subscribers.





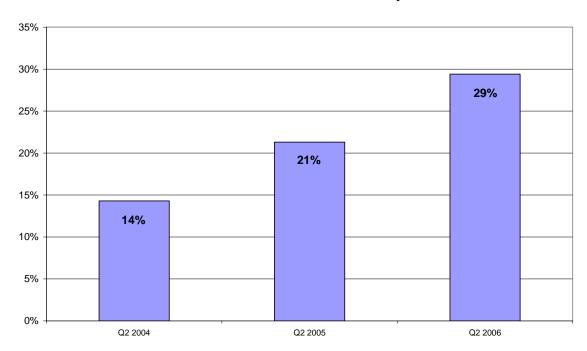
Sources: BellSouth Investor News, Q2 2004, page 3; BellSouth Investor News, Q2 2005, page 7, BellSouth Investor News, Q2 2006, page 8.

BellSouth Customers (in thousands)					
	Q2-2004	Q2-2005	Q2-2006		
Total Access Lines in Service	21,786	20,800	19,339		
Primary Residential Retail	11,874	11,595	11,022		
Total Business	6,085	6,012	5,891		
Long Distance Customers	5,131	6,470	7,478		
DSL Customers	1,738	2,349	3,273		

Source: BellSouth Corporation "statementsbyquarter_0406rev.xls," accessed May 30, 2006; "q206x.xls," accessed August 7, 2006 (available at http://phx.corporate-ir.net/phoenix.zhtml?c=95539&p=irol-IRHome)

AT&T

While AT&T's total access lines have declined in recent years, its subscriber base for DSL and video services have increased by 82% and 340%, respectively, over the past two years. The percentage of traditional wireline customers adopting AT&T's broadband service continues to rise.



AT&T DSL Penetration of Consumer Primary Lines

Source: AT&T Investor Briefing , Q2 2006, page 5.

AT&T Customers (in Thousands)					
	Q2-2004	Q2-2005	Q2-2006		
Total Access Lines	53,590	51,032	47,911		
Primary Residential Lines	23,398	23,036	22,310		
DSL Customers	4,277	5,968	7,774		
Video Subscribers	121	404	533		

Sources: SBC Investor Briefing, Q2 2005, page 13; AT&T Investor Briefing, Q2 2006, page 15.

Qwest

Qwest bundles, which include a local exchange line and either long distance service, wireless, or TV, have grown increasingly popular. Long distance customers grew from

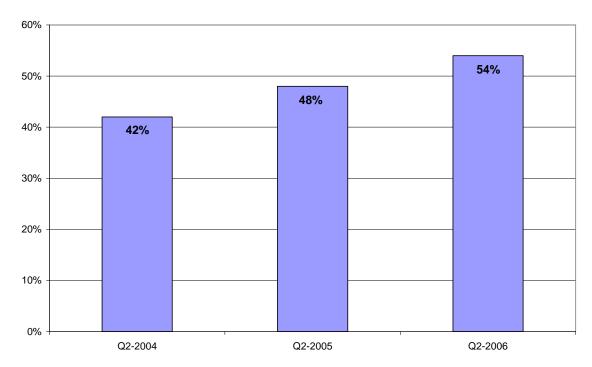
2.2 million in 2003 to more than 4.8 million at the end of the second quarter 2006. Qwest's second quarter 2006 earnings press release states:

Qwest has been rewarded for its aggressive focus on bundle packaging and sales. Since the launch of new bundles a year ago, followed by targeted incentives and promotional initiatives, the company has significantly increased the number of products available in its bundled offerings. Qwest's full-featured bundled offering includes high-speed Internet access, a national wireless offering, local and long-distance service, and integrated TV services through Qwest's own ChoiceTV or its marketing alliance with DIRECTV, Inc.

Sales of voice packages plus three and four products continue to experience significant growth. Customer demand for value-added services is driving higher consumer ARPU, which increased 7 percent to \$49 from \$46 a year ago.

Long-distance penetration of total retail lines reached 38 percent in the second quarter, compared to 35 percent a year ago.

Qwest Bundle Penetration



Sources: Qwest August 2, 2005 Press Release, "Qwest Reports Second Quarter Results: Improved Year-Over-Year Revenue Trends, Expanded Margins, And Solid Progress In Wireless;" Qwest August 1, 2006 Press Release, "Qwest Reports Higher Sequential Net Income, Continued Margin Expansion, And Strong Free Cash Flow."

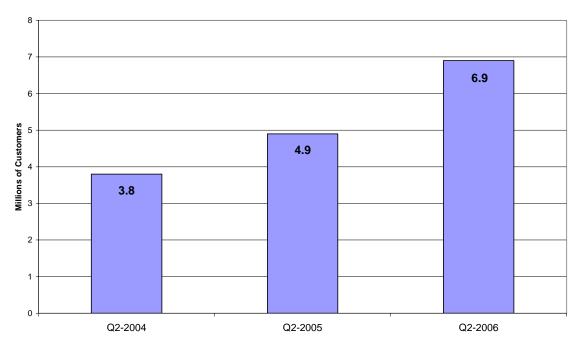
Qwest Customers (in thousands)					
	Q2-2004	Q2-2005	Q2-2006		
Total Access Lines	15,839	15,087	14,283		
High Speed Internet Subscribers	853	1,190	1,798		
Video Subscribers	67	120	273		
Long Distance Subscribers	4,071	4,631	4,840		

Source: Qwest Communications International, Inc., *Historical Financial Information As of June 301*, 2006, accessed at http://phx.corporate-ir.net/phoenix.zhtml?c =119535&p =irol-reportsAnnual.

Verizon

Verizon's total access lines declined from 54.8 million at the end of 2003 to 47 million at the end of Q1-2006. Verizon reports that, as of June 30, 2006, 6.9 million consumers and small businesses subscribe to Verizon Freedom packages, which combine local service with long distance and internet access. This represents an increase of 40% from one year earlier. FiOS subscribership also leads to purchase of multiple products. Verizon states that approximately 80% of FIOS TV customers purchase three Verizon products – voice, data, and video.

Verizon Freedom Package



Sources: Verizon Investor Quarterly Q2 2005, page 4; Verizon Investor Quarterly Q2 2006, page 6.

Verizon Customers (in thousands) Q2-2004 Q2-2005 Q2-2006 **Total Access Lines** 53,651 50,691 46,950 Residential Retail Lines 34,815 32,441 29,373 **Total Business Lines** 18,399 17,842 17,211 2,883 4,142 6,125 **Broadband Connections**

Sources: Verizon Investor Quarterly, Q2 2005, page 13; Verizon Investor Quarterly, Q2 2006, page 14.

Appendix F

Bell Bundled Package Offerings:

Illustrative webpages

Bundles



Combine Services and Save.

One Company. One Bill.

View recommended packs of AT&T services. Bundle your services and save!>

Choice. Simplicity. Value! Let us save you time and money with your own custom mix of high-speed Internet, flexible calling, wireless, and digital satellite TV — all on one money-saving bill.



AT&T Yahoo! High Speed Internet

Learn More

Best prices when you order online!

Enjoy an introductory rate on high-speed Internet for twelve months! Prices as low as \$12.99 per month. (For new residential online orders only. Other monthly charges apply.)*



AT&T Long Distance

Learn More

Your best choice for all domestic and international calls!

AT&T offers flexible calling plans at great prices. Call from home to anyone, anywhere, anytime nationwide with unlimited long distance for as low as \$15.00 per month, where available.



Cingular Wireless®

Learn More

Bundle Cingular, and you'll save monthly!

Join the largest Mobile to Mobile calling community in the nation and take advantage of the ALLOVER(SM) Network that covers 270 million people and growing. All plans we sell include unlimited Mobile to Mobile minutes.



AT&T | DISH Network

Learn More

High-quality digital satellite TV at a great price!

AT&T | DISH Network offers superior digitally delivered picture and sound quality at a truly great price. There is no equipment to buy and no term agreement required.

Build My Bundle

Order Now

Get started and build a money-saving bundle that provides local and long distance services with the option to include Internet access and wireless services.

*Additional monthly charges apply. See offer details.

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AT&T Double Pack-Instant Savings 🖳 📙



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High-Speed Internet & Voice Services

Stay in touch for less by phone and online with a discounted mix of high-speed Internet and voice services with feature-rich local calling packages and nationwide long distance.

AT&T Triple Pack - Bundle of Savings 🖳 📭 🖲



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Save time and money with the best services from our most popular AT&T pack. It's never been easier or more affordable to get high-speed Internet, local and long distance calling, and wireless service on one money-saving bill. The AT&T Triple Pack connects you better and faster with the music, movies, and people you love, for less.

AT&T Quad Pack 🖳 📭 🖲 😭

Learn More

High-Speed Internet, Voice Services, Wireless, & Digital Satellite TV

Discover new ways to get the most of family moments and play up everything the family likes to do, for less! Our AT&T Quad Pack offers all the great money-saving services of the Double and Triple Packs, and adds digital satellite TV.

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BellSouth Unlimited Long Distance

Dial up the savings with your long distance calls.

Call anywhere in the U.S. anytime for one low monthly rate.

Additional offer:

Order a BellSouth Long Distance plan online, and get up to \$25 additional cash back.

Get \$75 Cash Back

<u>Cingular Wireless®</u>

Carry over your anytime unused wireless minutes. Plus, enjoy Unlimited Nationwide Mobile to Mobile minutes with over 55 million customers.

Get \$125 Cash Back

DIRECTV[®] Service

Get **4 MONTHS FREE** of the TOTAL CHOICE® PREMIER package when you buy NFL SUNDAY TICKETTM

Additional offer:

Test Drive DIRECTV one month FREE when you activate the Choice® Plus Package. Offer available on approved credit.

Get \$75 Cash Back

BellSouth® Internet Se

With BellSouth® FastAccess® DSL, surf internet at lightning-fa speed with no dial up delays or busy signals worry about.

Additional offer:

FREE modem after reb with 12-month commitment (\$75 valu for online orders

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PRODUCTS & SERVICES CUSTOMER SERVICE MANAGE MYACCOUNT

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Featured Bundle Offers

Click on product and discount names to read important deta

Home Entertainment



Qwest Choice™ DSL Deluxe with MSN® Premium



DIRECTV® Service



Digital Voice

- ▶ Qwest Choice™ Home
- Qwest[®] Unlimited

Features

- High-speed Internet: Unlimited Internet access that's up to 25 times faster than 56Kbps dial-up.
- Digital TV: DIRECTV[®] TOTAL CHOICE[®] package over 155 channels in 100% digital quality.
- Digital Voice: Unlimited local and long-distance calls from your home phone to anywhere in the U.S., anytime. PLUS, choose up to three of your favorite calling features.



Monthly Charge

\$139.97

-\$20.00 Bundle Discount D

-\$13.00 Internet Offer Deta

=\$106.97



Internet new customer discoun applies for 12 months.

Total Convenience



Qwest Choice™ DSL Deluxe with MSN® Premium



DIRECTV® Service



Qwest Wireless® Free Phone Kit



Service

Digital Voice

- Qwest Choice™ Home
- Qwest[®] Unlimited

Home and Wireless Phone

Features

- High-speed Internet: Unlimited Internet access that's up to 25 times faster than 56Kbps dial-up.
- **Digital TV:** DIRECTV[®] TOTAL CHOICE[®] package over 155 channels in 100% digital quality.
- Wireless: 500 minute plan, plus a free Nokia® 2125i wireless phone (after \$10 credit on 2nd or 3rd bill, with a two-year agreement) and free Unlimited Nights and Weekends Starting at 9 p.m.
- Digital Voice: Unlimited local and long-distance calls from your home phone to anywhere in the U.S., anytime. PLUS, choose up to three of your favorite calling features.

\$25 GIFT CARD New DSL customers get a \$25 gift card with online order SEE DETAILS!

Features

Digital Voice: Unlimited local and long-distance

Monthly Charge

\$179.96

-\$37.00 Bundle Discount D

-\$13.00 Internet Offer Deta

=\$129.96



Internet new customer discoun applies for 12 months.

Monthly Charge

\$89.98



Digital Voice

- Qwest Choice™ Home
- Qwest[®] Unlimited



Qwest Wireless® Free Phone
Kit

calls from your home phone to anywhere in the U.S., anytime. PLUS, choose up to three of your favorite calling features.

 Wireless: 500 minute plan, plus a free Nokia® 2125i wireless phone (after \$10 credit on 2nd or 3rd bill, with a two-year agreement) and free Unlimited Nights and Weekends Starting at 9 p.m.





Build Your Own Bundle

Browse our <u>bundle-eligible</u> high-speed Internet, digital TV, local phone service, long distance and wireless options to build a custom service group.



With approved credit. Services and combined billing not available in all areas. Prices exclude taxes, surcharges, and other fees. Bundle pricing and promotional discounts apply after first full month of billing. May require equipment purchase or rental at additional charge. Subject to applicable restrictions, tariffs and service agreements.

These **Qwest Choice Bundles:** require Qwest Choice™ Home local service package and additional qualifying service(s). Limit one bundle per account. **Qwest High-Speed Internet:** For Qwest residential customers only. Limit of one bundle discount for DSL services per account. Requires compatible modem. Actual speeds may vary depending on many factors. MSN Premium also requires acceptance of MSN's terms and conditions. Contact Qwest for complete details. **DIRECTV®:** Receipt of DIRECTV® programming is subject to the terms and conditions of the DIRECTV® Customer Agreement; copy provided at DIRECTV.com and mailed to customers. **Qwest Choice™ Home:** Some features incompatible with others. **Qwest® Unlimited:** Requires Qwest local service (except in Montana). Cannot be used for business or Internet access. Usage may be monitored and customer may be required to show compliance if usage exceeds 5,000 minutes a month or non-compliance indicated. **Qwest Wireless:** Other charges apply, including \$35 per-phone activation fee, \$1.75 monthly cost recovery fee per phone, charges for additional minutes and roaming, per-message charges for Two Way Text Messaging, and \$200 per-phone early termination fee with fixed-term contracts. Calls rounded up to next full minute; unused minutes forfeited. **Free Calls between Qwest Wireless and Home Phones:** Not compatible with all features and phone systems. Microsoft and MSN are registered trademarks of Microsoft Corporation. DIRECTV and TOTAL CHOICE are registered trademarks of DIRECTV, Inc. All other trademarks are owned by their respective companies.

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verizon.com

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Business

Calling Plans

Calling Features

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Verizon Freedom

Bundle up and save.

Order a Verizon Freedom package and you'll get...

Unlimited calling nationwide One low rate and a single bill to pay

You can save even more when you add highspeed Internet access and DIRECTV® service for a variety of entertainment services.



Service Location

New Jersey

Change location

Give your home a techlift

We offer Internet, TV, Phone and Call Management.

See what's available

Resources

Affiliate Program

Verizon Freedom Packages

Need to compare? Click here to see more Freedom Packages.

Monthly Fee

Verizon Freedom Essentials

Save more than \$270 a year with this package. Includes unlimited local, regional and long distance calling in the U.S. and Puerto Rico plus 3 popular calling features.

\$39.9

Enhance your package with one or more of the products below

Verizon Online DSL Internet Service

Unlimited, high-speed Internet access with choice of Yahoo! or MSN® Premium.

\$14.95**- \$37.9

For online orders only: Plans start as low as \$14.95/mo (for up to 768K), plus get a modem for NO CHARGE.

Verizon iobi Home

Now you have one place to access it all: Caller ID, Voice Mail retrieval (requires a compatible Verizon Home Voice Mail product), real-time Call Management, Call Forwarding, Calendar, Address Book, Text Messaging, and more. Verizon iobismHome is accessible from most personal computers or phones.

\$7.9

\$3 off your iobi Home service when combined with a qualifying Verizon Freedom package FREE—1st month of iobi Home free.

DIRECTV® Service

Provides access to over 250 news, entertainment, sports and family channels, plus access to pay per view events and movies, sports and more. All in 100% digital-quality. All at a terrific value. Hardware available separately. Add \$4.99/mo. lease fee for 2nd and each additional receiver.

Package starting \$44.99/m plus ta







The Verizon Freedom Plans are for residential voice use and may not be used for commercial purposes. Verizon may suspend, restrict or cancel you service if your usage is inconsistent with residential voice usage.

The monthly fee may be higher or lower based upon the plan components you choose and/or your geographic location and do not include any equipment charges, taxes, fees, other surcharges, or long distance usage charges beyond any allotted minutes. The monthly fees are based upon monthly charges for Verizon Freedom Essentialssm for unlimited local, regional toll, and domestic long distance calling, Verizon Online broadband

^{**}DSL offers vary by location.

services and the $\mathsf{DIRECTV}^{\mathsf{®}}$ TOTAL $\mathsf{CHOICE}^{\mathsf{®}}$ package.

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